

AS

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-120-C - ORDER NO. 96-540
AUGUST 8, 1996

IN RE: Application of American Telco, Inc. for) ORDER
a Certificate of Public Convenience and) APPROVING
Necessity to Provide Intrastate Resold) CERTIFICATE
Telecommunications Services within the)
State of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of American Telco, Inc. ("ATI" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. The Company requested to be regulated in a relaxed fashion similar to that approved for AT&T in Docket No. 95-661-C. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1995) and the Regulations of the Public Service Commission of South Carolina. In its Application, ATI requested to be regulated in a relaxed fashion similar to that approved for AT&T in Docket No. 95-661-C.

The Commission's Executive Director instructed ATI to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of ATI's Application and of the manner and time in which to file the appropriate pleadings for

participation in the proceeding. ATI complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene Out of Time was filed by the Consumer Advocate for the State of South Carolina (the "Consumer Advocate"). The Consumer Advocate and the Company reached an agreement prior to the hearing regarding the requested regulatory treatment. Therefore, the Consumer Advocate notified the Commission that it would not participate in the scheduled hearing. Generally, per the agreement, ATI is seeking the same treatment as AT&T received in Orders No. 95-1734 and 96-55 with the exception that the maximum rate structure will remain in place for all services. Specifically, the Company now requests:

(1) Tariff filings for ATI consumer calling card services, business service offerings, future operator services, private line services, and custom network offerings will be presumed valid upon filing. If the Commission institutes an investigation of a particular filing within seven (7) days, then the tariff filing will be suspended until further Order of the Commission. The services approved for relaxed regulation do not include residential services.

(2) Any relaxation in the reporting requirements that may be adopted for AT&T shall apply to ATI also.

A hearing was commenced on July 31, 1996, at 10:30 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. ATI was represented John F. Beach, Esquire. Catherine D. Taylor, Staff Counsel, represented the Commission Staff.

Tom Orem, Vice President of Finance for ATI, appeared and offered testimony in support of ATI's Application. Mr. Orem

stated that ATI is a Texas corporation which is registered to do business in South Carolina as a foreign corporation. According to Mr. Orem, ATI proposes to offer long distance services using resold transmission services of carriers certificated to carry traffic in South Carolina. Mr. Orem explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. The record reveals the Company's services, operations and marketing procedures.

Mr. Orem also explained that ATI possesses the technical, financial and managerial abilities to provide its services in South Carolina. Mr. Orem further testified that the Company would make certain changes to its proposed tariff to comply with Commission guidelines and prior Orders.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. ATI is incorporated under the laws of the State of Texas and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. ATI operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.
3. ATI has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to ATI to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for ATI for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. ATI shall not adjust its rates for either business or residential services below the approved maximum level without notice to the Commission. Adjustments to residential rates shall be noticed to the public. With regard to adjustments to residential rates, ATI shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of

subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). With respect to business service offerings, credit card services, future operator services, private line services, and customer network offerings, tariff filings will be presumed valid upon filing. If the Commission institutes an investigation of a particular filing within seven (7) days, then the tariff filing will be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to ATI also. Staff is instructed to monitor the Company using the same monitoring process and techniques as are used to monitor AT&T. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1995).

4. ATI shall file its revised maximum tariff and an accompanying price list within thirty (30) days of the date of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. ATI is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. ATI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If ATI changes underlying carriers, it shall notify the Commission in writing.

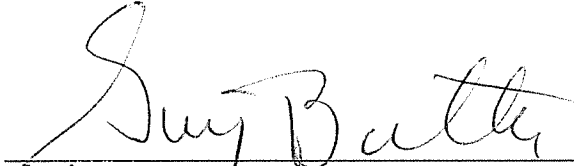
8. With regard to the origination and termination of toll calls within the same LATA, ATI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. ATI shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. ATI is granted the relaxed regulation as detailed supra in this Order and as agreed upon by the Applicant and the Consumer Advocate.

11. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE